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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 18, 1999

APPLICATION OF

NOW COMMUNICATIONS OF VIRGINIA, INC.

CASE NO. PUC990060

For a certificate of public
convenience and necessity to
provide local exchange
telecommunications services

FINAL ORDER

On July 30, 1999, NOW Communications of Virginia, Inc. ("NOW" or "Applicant") completed an application for a certificate of public convenience and necessity ("certificate") and requested authority to provide local exchange telecommunications services throughout the Commonwealth of Virginia. Additionally, on July 30, 1999, NOW filed a request for waiver of certain requirements of the Rules Governing the Offering of Competitive Local Exchange Telephone Service ("Local Rules"), 20 VAC 5-400-180, in order to offer prepaid local exchange service in Virginia.

NOW states that it is a non-facilities based reseller that proposes to offer residential customers prepaid, month-by-month local exchange service, which blocks access to toll services, operator assistance services (including collect, third-party

billed, and person-to-person calls), and directory assistance. NOW proposes to provide unlimited local calling and 1-8XX toll free dialing, without the imposition of credit checks or deposit requirements.

In order to provide this residential prepaid, month-by-month local exchange service, NOW requested waivers of subsection C 5 and certain provisions of subsection C 1 of the Local Rules. These subsections require that a new entrant, either directly or through arrangements with others, provide the following telecommunications services: directory assistance (subsection C 1 d); access to operator services (subsection C 1 e); equal access to interLATA long distance carriers (subsection C 1 f); and access to intraLATA services (subsection C 5) to all local exchange customers. The Applicant further requested a waiver from the requirement of limiting the proposed rate for local exchange services provided by the new entrant not to exceed the highest of the comparable tariffed services provided by the incumbent local exchange telephone company or companies in the same local serving areas (subsection D 3).

By Order dated August 9, 1999, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and file a report, and scheduled a public hearing to receive evidence relevant to NOW's application.

On October 1, 1999, the Staff filed its report. The Staff found that the application is in compliance with the certification requirements of the Local Rules. Furthermore, the Staff recommended that the Commission approve NOW's application and grant a certificate. In addition, the Staff did not object to NOW's request for waivers from specific Local Rules for its residential prepaid, month-by-month local exchange service, subject to the following conditions: (i) regarding the Applicant's prepaid, month-by-month local exchange service, the Company shall not be allowed to collect customer deposits under any circumstances; (ii) regarding the Applicant's prepaid, month-by-month local exchange service offering, the Applicant shall provide full disclosure to consumers about the services and features the Applicant will and will not furnish to subscribers of its alternative prepaid, month-by-month local exchange service; sales brochures and other marketing and advertising materials must prominently disclose that service is restricted to residential end users and customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services; (iii) any waivers granted to the Applicant in this case for its residential prepaid, month-by-month local exchange service described in the Company's filing are limited solely to that service offering; (iv) any waivers granted to the

Applicant for its residential prepaid, month-by-month local service should be subject to revocation, alteration, or the imposition of additional conditions such as pricing restrictions in the event the Commission subsequently determines the service is operating improperly or is not in the public interest; and (v) any subsequent increase in the rate for the Applicant's prepaid, month-by-month local service shall be subject to thirty (30) days' notice to the Commission, and notice to customers provided through billing inserts or publication for two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Applicant.

A hearing was held on October 13, 1999. NOW filed a proof of publication and proof of service as required by the August 9, 1999, Scheduling Order. At the hearing, the application, with accompanying exhibits, the Applicant's prefiled direct testimony, and the Staff Report were entered into the record without objection.

Having considered the application, the Applicant's direct testimony, and the Staff Report, the Commission finds that such application, as well as the requested waivers, should be granted. Accordingly,

IT IS THEREFORE ORDERED THAT:

(1) NOW Communications of Virginia, Inc. is hereby granted a certificate of public convenience and necessity, No. T-466, to

provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, § 56-265.4:4 of the Code of Virginia, the provisions of this Order, and the conditions set forth in the Staff Report.

(2) NOW shall file tariffs with the Division of Communications that conform to all applicable Commission rules and regulations from which the Company has not been granted a waiver.

(3) This case shall remain open to evaluate NOW's residential prepaid, month-by-month local exchange service.